

~~CONFIDENTIAL~~

COMPT

76-0217

24 Jul 1976

MEMORANDUM FOR: Director
FROM : Comptroller /s/ John D. Iams
SUBJECT : Thoughts on the Reorganization

1. Last week you asked for thoughts on the new Executive Order and its implications for your role and for CIA generally. The following observations respond to your request.

2. First, it seems reasonable to assume that the success of the newly created CFI in carrying out the resource review task assigned to it will depend to a degree on your impartiality in leading it. In day-to-day terms, this suggests that you should not be the principle spokesman within the CFI on budgetary issues affecting CIA. It also means that the CIA budget should be reviewed by you and the rest of the CFI in exactly the same way as the CCP or the NRP are reviewed. The Agency's programs will suffer, however, if there is not a single strong advocate for the CIA position on key issues before the CFI. Both requirements will be met if you will look to your Agency Deputy to present resource issues to you and the rest of the Committee, allowing you to take an independent view on all of the resource issues which come before the CFI.

3. Second, the above suggests one major responsibility which the Agency Deputy should undertake. However, an Agency Deputy should have other responsibilities as well. These might include:

—Managing the Agency's involvement in any long-term reviews of Intelligence Community performance by the CFI or the Intelligence Community Staff. (This will be an urgent requirement if we are to avoid presenting a picture of great confusion to the CFI.)

25X1

~~CONFIDENTIAL~~

CONFIDENTIAL

--Reviewing and/or organizing effective planning processes in such areas as computer policy, RD&E policy, and product relevance. (Overview of these responsibilities, because they affect many components, should be centralized.)

yes

--Reviewing command and control mechanisms (the Inspector General, the Office of the General Counsel, the Comptroller, the Agency regulations-setting staff) within CIA to ensure the adequacy of these mechanisms and effective implementation of Agency-wide policy. (We have been criticized in these areas over the past year. One individual should be in charge of overseeing this broad area.)

yes
Mang
not

--Establishing a continuing review of Agency personnel policies, particularly as they relate to supergrades. (An effective Agency-wide personnel process at the supergrade level would help establish a cadre of senior managers with in-depth experience in all aspects of Agency activity.)

yes, but

--Reviewing existing internal organizational arrangements to be sure they are facilitating our overall mission. (Only a central manager can effectively raise and resolve organizational issues which cut across existing organizational lines.)

yes

--Chairing the CIA Management Committee or whatever successor organization may be designated to carry out its functions.

yes

--Serving as de facto head of the DCI Area (except the IC Staff) and the E Career Service.

yes

4. In addition, the Agency Deputy should probably eventually be made responsible for those DDC and DDS&T operational matters that now occupy a portion of the DCI's time. Giving the Agency Deputy Director this responsibility would however raise a number of complex issues which should be carefully considered. Thus, this is an area where it would be best to proceed slowly before drawing firm conclusions.

a good to
man should

5. Finally, perhaps the most important question to be raised about the Agency Deputy's responsibilities concerns the extent to which he is responsible for day-to-day management.

CONFIDENTIAL

CONFIDENTIAL

of the production process. We defer to others in arguing the pros and cons of the various options available--merely noting here that this is an issue. A strong case can be made that the Agency Deputy should not come between you and the production function--however you ultimately choose to organize it.

*no success
that he is so
far to file?*

6. Creation of a Deputy Director role as above will have the practical effect of reducing your involvement in numerous Agency problems and in reducing the access to you which the Deputy Directors and heads of the independent offices have long maintained. On the positive side, it should free you to do things which you may well consider of greater importance. Without minimizing the adjustment which most of us will need to make, it seems imperative that an effective "CIA Program Manager" position be created and that this be done sooner, rather than later. It will not be easy to find a man to fill this position. He must be loyal to you as the head of CIA yet must also be strong-minded enough to argue an effective CIA case to you as the DCI. Furthermore, he must be willing to spend a great deal more time on management matters than has been the case in the past. Without such a manager, the Agency will have a very difficult time coping with the many issues which are certain to arise when the new CFI begins business (unless there is an effective central manager).

agw

7. On another issue, equipping the CFI and the IC Staff to accomplish the resource review task set forth in the Executive Order will likely involve a number of difficult adjustments for the individual programs which make up the Intelligence Community. Doubtless the major impact will fall on Defense. However, CIA too will probably need to make substantial and difficult adjustments as it accommodates itself to CFI review. To minimize the adjustment everyone will be called upon to make, and to help guarantee that all of those affected by imposition of the new review process have a stake in assuring its success, we believe the CFI should take steps to ensure that:

- The various program managers are themselves the advocates for their programs and are given ample opportunity to carry out this responsibility.
- The program managers are closely involved in the development of whatever budget review process is set in motion.

agw

CONFIDENTIAL

CONFIDENTIAL

--The IC Staff, to the extent possible, does not duplicate the work of the various program managers but instead examines cross-program problems and issues which will not otherwise be effectively examined.

8. We have been discussing relationships between the CFI and the IC Staff on the one hand and the various program managers on the other. One particularly tricky problem involves the extent to which the IC Staff will wish to come between the various program managers and other outside review groups, e.g., the Office of Management and Budget and the Congress. Some tension seems inevitable. A basic purpose of the reorganization is to establish authoritative Community leadership on resource matters. Presumably this requires that the CFI and its staff be in a position to "manage," at least partially, relationships between all Community components and both OMB and the Congress. This will necessarily affect existing assignments of responsibility, and it will probably never be fully accepted by program managers. As in all such situations, a set of common ground rules setting forth who is responsible for which aspects of the various problems we face would be helpful. Perhaps these ground rules should be the subject of an early memorandum from the CFI to program managers. Equally important, a way to force effective communication between the CFI/IC Staff and the various program managers in this area must be found. This will help to reduce the misunderstandings which inevitably will arise, and it will help to assure that the whole Community is speaking with one voice to OMB and the Congress.

9. I understand you are already seeking a high caliber individual to head the IC Staff. It would be useful if you asked him to reconsider the mission and composition of the IC Staff at the earliest opportunity. It is not clear to me that its energies have always been spent wisely; furthermore, its past analyses of Community management and budget matters have fallen short of the kind of thoughtful examination the DCI should have.

Distribution:

Orig - Adse
 1 - ER
 1 - AD/DCI/IC
 ✓ - Mr. Lehman

CONFIDENTIAL